



Foreign Agricultural Service

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## **India**

### **Grain and Feed**

### **Grain & Feed Update - October 2001**

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#### **Report Highlights:**

**Government rice procurement appears likely to exceed 18 million tons, adding to GOI storage woes.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
New Delhi [IN1], IN

## Record Rice Procurement Likely

Higher production and enhanced support prices (see IN 1053) are likely to result in record, or near record, government rice procurement in MY 2001/02 (Oct-Sep). This year's procurement has been advanced by ten days due to early harvest in the northern surplus states of Punjab and Haryana. Procurement in the southern surplus state of Andhra Pradesh will start only in late October. The government has laid down strict quality standards for paddy/rice procurement, though enforcement may once again prove difficult. Recent levels of procurement by state are given below.

**Table 1: Rice Procurement by State  
(000 metric tons)**

	1997/98	1998/99	1999/00	2000/01
<b>Punjab</b>	6,036	4,384	6,787	6,922
<b>Andhra Pradesh</b>	3,855	5,119	5,498	7,045
<b>Haryana</b>	1,268	300	986	1,473
<b>Uttar Pradesh</b>	1,073	868	1,438	1,214
<b>Madhya Pradesh</b>	1,027	429	1,103	1,016
<b>Orissa</b>	700	481	897	811
<b>Other</b>	374	264	596	350
<b>Total</b>	<b>14,333</b>	<b>11,845</b>	<b>17,305</b>	<b>18,831</b>

## Storage Problem to Worsen

Record August 1 foodgrain stocks of 60.9 million tons ( 38.7 million tons wheat, 22.2 million tons rice), combined with the prospects of record rice procurement, will precipitate the worst ever storage crisis. Already, large stocks are being stored in the open under polyethylene. The GOI's foodgrain stocks are forecast to reach 65 million tons by April 1, 2002, just before the wheat procurement starts, and could total 80 million by end-June, after the wheat procurement is done. Without a mechanism to check procurement (perhaps a lower support price) and increase offtake (lower sales price), the government faces the likelihood of holding ever-rising stocks (with accompanying large financial and physical losses) until "bailed out" by a poor monsoon.

**Table 2: Government Procurement, Stocks and Off take of Wheat (year ago)**

(million metric tons)

	<b>Stocks</b>	<b>Procurement Cumulative</b>	<b>Imports</b>	<b>Off take *</b>
<b>Aug 1, 2000</b>	27.6 (21.0)			0.4(0.7)
<b>Sep 1</b>	27.3 (21.4)			0.4(0.8)
<b>Oct 1</b>	26.8 (20.5)			0.4(0.8)
<b>Nov 1</b>	26.5 (19.5)			0.5(0.9)
<b>Dec 1</b>	26.0 (18.4)			0.8(1.1)
<b>Jan 1, 2001</b>	25.0 (17.2)			0.9(1.3)
<b>Feb 1</b>	24.1 (15.8)			0.9 (1.4)
<b>Mar 1</b>	23.3 (14.4)	16.4 (14.1) 1/		1.6(1.4)
<b>Apr 1</b>	21.5 (13.1)			1.0(0.4)
<b>May 1</b>	29.2 (21.5)			0.9(0.5)
<b>Jun 1</b>	37.6 (27.8)			0.8(0.5)
<b>Jul 1</b>	38.9 (27.8)			0.6(0.5)
<b>Aug 1</b>	38.7(27.6)	20.6 (16.4) 2/		

\* Includes exports

1/ Cumulative procurement : April 1, 2000 - March 31, 2001

2/ Cumulative procurement : April 1, 2001 - August 27, 2001

**Table 3: Government Procurement, Stocks and Off take of Rice (year ago)**  
(million metric tons)

	<b>Stocks</b>	<b>Procurement Cumulative</b>	<b>Imports</b>	<b>Off take *</b>
<b>Jul 1, 2000</b>	14.5 (10.7)			0.9(1.0)
<b>Aug 1</b>	13.7 ( 9.7)			0.9(1.2)
<b>Sep 1</b>	13.5 ( 8.6)			0.9 (1.0)
<b>Oct 1</b>	13.2 (10.6)	17.3 (11.8) 1/		0.7 (0.9)
<b>Nov 1</b>	18.0 (12.8)			0.8 (1.1)
<b>Dec 1</b>	19.5(13.4)			0.7(1.2)
<b>Jan 1, 2001</b>	20.7(14.7)			0.9(0.9)
<b>Feb 1</b>	22.4(15.4)			0.8(1.0)
<b>Mar 1</b>	23.2(16.0)			1.0(1.0)
<b>Apr 1</b>	23.2(14.9)			0.7 (0.7)
<b>May 1</b>	22.9(15.1)			0.8 (0.9)
<b>Jun 1</b>	22.9 (15.1)			0.8 (1.0)
<b>Jul 1</b>	22.8 (14.5)			0.9(0.9)
<b>Aug 1</b>	22.2(13.7)	18.8 (17.3) 2/		

\* Includes exports

1/ Cumulative procurement: October 1, 1999 - September 30, 2000

2/ Cumulative procurement: October 1, 2000 - August 20, 2001